

Message Text

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51

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-11 ISO-00 COME-00 INT-08

SCI-06 FEA-02 OMB-01 TRSE-00 STR-08 CIEP-02 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 SAM-01 DRC-01 /165 W

----- 012946

R 130833Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9955

INFO AMEMBASSY BONN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

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STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, JA, KU

SUBJ: ENERGY: JAPANESE BID FOR KUWAIT CRUDE OIL

1. EMBASSY HAS PICKED UP NUMBER OF INDICATIONS THAT JAPANESE TRADING COMPANIES MAY HOLD DOWN THEIR BIDS AT KUWAIT CRUDE OIL AUCTION SCHEDULED FOR FEBUARY 14. TRADE PRESS HAS REPORTED THAT JAPANESE FIRMS WILL BID ABOUT \$10.70 (OR 93 PERCENT OF POSTED PRICE) FOR THIS OIL. EXXON SOURCE SAYS HE UNDERSTANDS FROM HIS OWN CONTACTS THAT JAPANESE UNINTERESTED IN BIDDING OVER \$10/BBL FOR KUWAIT OIL.

2. EMBOFF ASKED MITI OFFICIAL WHETHER APPARENT MODERATION ON PART OF JAPANESE FIRMS WAS IN RESPONSE TO MITI ADMINISTRATIVE

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GUIDANCE. AFTER TAKING SOME TIME TO THINK ABOUT IT, SOURCE

SAID MITI HAD HAD SOME QTE CONVERSATIONS UNQTE WITH FIRMS ON PROSPECTIVE BIDS, BUT THAT THESE COULD NOT BE CONSIDERED TO BE ADMINISTRATIVE GUIDANCE IN ITS TRADITIONAL FORM. OFFICIAL ADDED THAT DURING THESE CONVERSATIONS MITI HAD ALSO DISCUSSED WITH PROSPECTIVE BIDDERS NEW PETROLEUM PRODUCT PRICE GUIDELINES WHICH MAY BE PUT INTO EFFECT SHORTLY (SEE REFTEL). COMPANIES WERE SHOWN WHAT MAXIMUM PROFITABLE BID MIGHT BE, GIVEN PROBABLE DOMESTIC PRICE CONTROL LEVELS. OFFICIAL SUGGESTED THAT IF COMPANIES WERE CONVINCED BY MITI APPROACH, THEIR BIDS WOULD BE BELOW \$10.70.

3. COMMENT: TO EMBASSY'S KNOWLEDGE, THIS IS FIRST ATTEMPT BY GOJ TO CONTROL JAPANESE BIDDING FOR DD OIL. IT IS OBVIOUSLY PROMPTED BY INCREASING AWARENESS WITHIN GOJ OF WHAT DOMESTIC IMPACT OF HIGHER CRUDE OIL PRICES MIGHT REALLY MEAN, PARTICULARLY IN TERMS OF INFLATION. WE ARE UNCERTAIN, HOWEVER, WHETHER MITI WILL BE SUCCESSFUL IN RESTRAINING JAPANESE BIDDERS.
SHOESMITH

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Message Attributes

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Draft Date: 13 FEB 1974
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Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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